

Message Text

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ACTION EUR-12

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L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15
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E.O.11652: N/A
TAGS: ETRD, EEWT, PFOR, SHUM, UK
SUBJECT: UK TRADE AND CREDIT POLICIES TOWARD THE USSR

REF: (A) LONDON 4577; (B) 76 LONDON 20868

1. THE UK GOVERNMENT CONTINUES TO BE QUESTIONED IN THE HOUSE OF COMMONS ABOUT ITS TRADE AND CREDIT POLICIES TOWARDS THE USSR. THIS RECENT FLURRY OF ACTIVITY AND ATTENDANT PUBLICITY HAS THREE DISPARATE ELEMENTS TO IT.

2. THE HUMAN RIGHTS ISSUE HAS EMERGED DURING THE LAST FEW DAYS IN THE CONTEXT OF TRADE CREDITS EXTENDED TO THE USSR. YESTERDAY (MARCH 21) AN MP INVOKED THE NAME OF SOVIET EXILE ANDREI AMALRIK AND ASKED TRADE MINISTER DELL HOW THE UK COULD JUSTIFY EXTENDING CREDIT AND TRANSFERING RESOURCES TO THE SOVIET UNION WHICH HELP "SOVIET LEADERS TO MAINTAIN THEIR POLICE STATE." DELL SIDESTEPED THE ISSUE BY SAYING IT WAS NECESSARY TO EXTEND CREDITS TO MEET THE COMPETITION FROM OTHER WESTERN TRADING COUNTRIES AND SAID "IT IS OUR WISH TO BUILD UP TRADE WITH THE SOVIET

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UNION AND THAT SEEMS TO US THE RIGHT OBJECTIVE."

3. SECONDLY, IT WAS NECESSARY AGAIN YESTERDAY TO DEFEND, AS THE PRIME MINISTER DID LAST WEEK, THE ECONOMIC BENEFITS OF THE 950 MILLION POUND CREDIT EXTENDED TO THE USSR. AN MP ATTACKED THE GOVERNMENT'S POLICY CLAIMING THAT "50 PERCENT OF THE TOTAL PRODUCTION COST OF ANYTHING THE

SOVIET UNION CHOOSES TO PURCHASE UNDER THIS AGREEMENT
WILL BE FOOTED BY THE BRITISH TAXPAYER." DELL DENIED THE
CHARGE, SAYING THAT BRITAIN REAPS CONSIDERABLE EMPLOYMENT
AND TRADE BENEFITS FROM THE AGREEMENT. DELL AGAIN EX-
PRESSED THE GOVERNMENT'S "DISAPPOINTMENT" AT THE RELATIVE-
LY LOW TOTAL VALUE OF CONTRACTS RECEIVED THUS FAR UNDER
THE CREDIT ARRANGEMENT, BUT HE WENT TO SOME LENGTHS TO
MAKE CLEAR HIS EXPECTATION THAT THERE WOULD BE "CONSIDER-
ABLE IMPROVEMENT OVER THE NEXT FEW MONTHS."

4. THE THIRD ISSUE CONCERNS RECENT CHARGES BY SOME MPS
THAT THE UK MAY BE GIVING AWAY ADVANCED TECHNOLOGY TO
THE USSR IN THE PROPOSED LUCAS AEROSPACE DEAL. THIS SUB-
JECT IS REPORTED IN LONDON CABLES 2816 AND 4004.

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Message Attributes

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